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GRAMBLING STATE UNIVERSITY

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Release Date _____

~~FEB 24 1999~~

INTERCOLLEGIATE ATHLETICS PROGRAM AGREED-UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED JUNE 30, 1998

**Bruno
& Tervalon**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES TO
THE ACCOUNTING RECORDS**

Dr. Steve Favors, President
Grambling State University
Grambling, Louisiana 71245

At your request, we have performed the agreed-upon procedures, as enumerated below, which were agreed to by management of the **Grambling State University (the University)**, to the accounting records of the **Intercollegiate Athletics Program** as of the year ended *June 30, 1998, solely to assist the University in complying with NCAA Bylaw 6.2.3.1.* This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings were as follows:

- A. We agreed the *Schedule of Revenues and Expenditures* for the year ended June 30, 1998 to the general ledger and noted no exceptions.
- B. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts etc.), recalculating the number of tickets sold by reference to the ticket price and comparing amounts calculated to the final box office statements and we vouched supporting cash receipts. We noted no exceptions as a result of this procedure.
- C. We agreed the amounts reported as game guarantee revenues and expenditures to **the University's** contract with other Universities and additionally, we vouched supporting cash receipts and cash disbursements accordingly. We noted no exceptions as a result of this procedure.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES TO
THE ACCOUNTING RECORDS**

(CONTINUED)

Dr. Steve Favors, President
Grambling State University
Page 2

- D. We agreed revenues from television broadcasts and other miscellaneous revenues to applicable supporting documentation and noted no exceptions.
- E. We compared current payroll disbursements to athletic employees' to prior period amounts and reviewed supporting personnel action forms for appropriate approval for the related wages and fringe benefits increases or decreases. We noted no exceptions as a result of this procedure.
- F. We vouched a random sample of expenditure amounts and reviewed the related purchasing documents, invoices and cancelled checks. We noted no exceptions as a result of this procedure.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the President, his designees and authorized representatives of the National Collegiate Athletic Association and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 30, 1998

Grambling State University
Intercollegiate Athletic Program

Schedule of Revenues and Expenditures
For the Year Ended June 30, 1998

	Football	Basketball	Other Sports	Non-Program Specific	Sub-total	Bayou Classic (Note 5)	Total Athletics
REVENUES:							
Ticket Sales (Note 4)	\$ 322,043	\$ 4,014	\$ 750	\$ 0	\$ 326,807	\$ 538,328	\$ 865,135
Guarantees	36,500	90,500	0	0	127,000	0	127,000
State Appropriation (Note 3)	373,633	428,221	763,697	373,633	1,939,184	0	1,939,184
NCAA Revenue Distribution (Note 7)	0	0	0	136,544	136,544	0	136,544
Television Rights	0	0	0	0	0	87,500	87,500
Other Revenues	40,000	35,086	1,000	3,657	79,743	0	79,743
Total revenues	772,176	557,821	765,447	513,834	2,609,278	625,828	3,235,106
EXPENDITURES:							
Personal Services	668,498	265,895	225,935	567,408	1,727,736	4,073	1,731,809
Travel	148,726	86,206	122,949	25,131	383,012	65,583	448,595
Operating Services	10,255	3,448	2,761	117,286	133,750	6,257	140,007
Supplies	48,474	16,344	15,048	38,794	118,660	0	118,660
Professional Services	0	9,207	0	68,548	77,755	35,000	112,755
Other Charges and Equipment	38,348	39,108	49,729	10,292	137,477	7,258	144,735
Scholarships	301,219	132,113	349,025	0	782,357	0	782,357
Game Guarantees	0	5,500	0	0	5,500	0	5,500
Total expenditures	1,215,520	557,821	765,447	827,459	3,366,247	118,171	3,484,418
Excess (deficiency) of revenues over expenditures	(443,344)	0	0	(313,625)	(756,969)	507,657	(249,312)
Transfer of excess of revenues over expenditures	443,344	0	0	64,313	507,657	(507,657)	0
Excess (deficiency) of revenues over expenditures after transfers	0	0	0	(249,312)	(249,312)	0	(249,312)
Fund Balance at June 30, 1997	0	0	0	47,046	47,046	0	47,046
Fund Balance at June 30, 1998	\$ 0	\$ 0	\$ 0	\$ (202,266)	\$ (202,266)	\$ 0	\$ (202,266)

The accompanying notes are an integral part of this schedule

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1998**

NOTE 1 - Summary of Significant Accounting Policies:

Organization

Grambling State University (GSU) which is located in Grambling, Louisiana is an institution of higher education founded in 1901.

The University is a component unit of the State of Louisiana within the executive branch of government and is governed by the Board of Trustees for State Colleges and Universities. The annual budget of **the University** and any proposed changes to degree programs, or departments of instruction, etc., require the approval of the Louisiana Board of Regents.

The University has an enrollment of approximately 5,494 students and is accredited by the Southern Association of Colleges and Schools and the National Council for Accreditation of Teachers Education .

The University operates the following Intercollegiate Athletics Programs:

- Football;
- Basketball (men and women);
- Baseball;
- Tennis (men and women);
- Golf (men and women);
- Track (men and women);
- Volleyball (women);
- Softball (women); and
- Bowling (women).

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Basis of Reporting

The accompanying Schedule of Revenues and Expenditures for the Intercollegiate Athletics Program has been prepared in the format set forth in the NCAA Audit Guide. The purpose of the schedule is to present a summary of those activities of **Grambling State University** for the year ended June 30, 1998 which relate to intercollegiate athletics.

Because the schedule presents only a selected portion of the activities of **the University**, it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenditures and other changes of the University.

All activities of the Intercollegiate Athletics Program are reported among **the University's** unrestricted current fund. The unrestricted current fund is audited by other auditors.

The accounting principles followed by **the University** in preparing the accompanying schedule are as follows:

o Fund Accounting

The accounts of **the University** are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Financial transactions of funds having similar characteristics are combined and reported by fund group. As indicated above, the activities of the Intercollegiate Athletics Program are reported in the unrestricted current fund.

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

NOTE 1 - Summary of Significant Accounting Policies Continued:

o Basis of Accounting

The Schedule of Revenues and Expenditures for the Intercollegiate Athletics Program has been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles, except that (1) depreciation is not recognized, (2) annual and sick leave are recognized when paid, (3) summer school tuition and fees and faculty salaries and related benefits for June 30, 1998 are not prorated, but are deferred to the succeeding year, and (4) inventory is recorded as an expenditure at the time of purchase.

The preparation of the Schedule of Revenues and Expenditures in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Additionally, the excess of revenues over expenditures that a specific intercollegiate athletic program generates is utilized to reduce a deficit experienced by another program.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures.

NOTE 2 - Capital Outlays:

Capital outlays are recorded as expenditures in the current fund and as an addition to fund balance in the Net Investment in Plant Fund.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998**

NOTE 3 - State Appropriation:

Grambling State University is a publicly supported institution of higher education. As a state university, operations of **the University's** programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

State appropriations as shown on the Schedule of Revenues and Expenditures for Intercollegiate Athletics represents the State appropriation budgeted for **the University's** intercollegiate athletic program for the year ended June 30, 1998.

NOTE 4 - Ticket Sales:

Ticket sale revenues include the net proceeds received for participating in the Classics, and the gross revenue for all home games. All revenues received and expenditures disbursed for the Classic games were deposited to and disbursed from System fund accounts.

NOTE 5 - Bayou Classic:

The revenues received and expenditures disbursed for the Bayou Classic are also deposited to and disbursed from a System Fund account. The amount reflected in the financial statements for ticket sales represents the fifty (50%) percent distribution of net income. Additionally, other revenues represent funds received from the television broadcast of the Bayou Classic.

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

NOTE 6 - Outside Organizations:

Grambling State University's Intercollegiate Athletics Program is the recipient of contributions to or in behalf of the program by the Grambling University Athletic Foundation (the Athletic Foundation). The financial activities of the Athletic Foundation for the year ended June 30, 1998 were not available as of the report issuance date. Therefore, the June 30, 1997 audited financial statements were obtained from the Athletic Foundation with the Statement of Activities being presented on page 16.

NOTE 7 - NCAA Revenue Distribution:

The Intercollegiate Athletics Program received revenues during the year from the NCAA for certain intercollegiate athletic activities. The amount received was calculated by the NCAA in accordance with a distribution formula which is utilized to determine the amount to be remitted to all participating institutions.

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM

Dr. Steve Favors, President
Grambling State University
Grambling, Louisiana 71245

We have performed the procedures enumerated below, which we agreed to by the management of **Grambling State University**, solely to assist the users in evaluating management's assertion that **Grambling State University** maintained an effective internal control over financial reporting for the Intercollegiate Athletics Program as of June 30, 1998, which was included in its representation letter dated December 30, 1998. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- A. We reviewed the athletic department's organization and the use of internal auditors in the department. We noted no exceptions as a result of this procedure.

- B. We reviewed the flow of information through the accounting system for randomly selected revenue, cash receipts and cash disbursement transactions. We noted no exceptions as a result of this procedure.

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM
(CONTINUED)

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the President, his designees and authorized representatives of the NCAA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Tervalon

**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

December 30, 1998

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS

Dr. Steve Favors, President
Grambling State University
Grambling, Louisiana 71245

We have performed the procedures enumerated below, which were agreed to by the management of **Grambling State University**, solely to assist the users in evaluating management's assertions about **Grambling State University's Intercollegiate Athletics Program's** compliance with state laws and regulations during the period July 1, 1997 through June 30, 1998 and about the effectiveness of **Grambling State University's Intercollegiate Athletics Program's** internal control over compliance with the aforementioned compliance requirements as of June 30, 1998, which were included in its representation letter dated December 30, 1998. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

- A. We reviewed and tested representations made by management in the Louisiana Systems Survey and Compliance Questionnaire which related to the operations of the Intercollegiate Athletic Program. We noted no exceptions as a result of this procedure.

- B. We reviewed the Athletic Department's Compliance with state travel regulations and competitive bid requirements by randomly testing expenditure transactions. We noted no exceptions as a result of this procedure.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS

(CONTINUED)

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the President, his designees and authorized representatives of the NCAA and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 30, 1998

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
TO THE FINANCIAL STATEMENTS OF AN OUTSIDE ORGANIZATION

Dr. Steve Favors, President
Grambling State University
Grambling, Louisiana 71245

At your request, we have performed the agreed-upon procedures, as enumerated below, which were agreed to by management of **Grambling State University (the University)**, solely to assist you with respect to activities of the intercollegiate athletics program and the Grambling Athletic Foundation (an outside organization).

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings were as follows:

- A. We obtained the statements of financial position and cash flows and the accompanying statement of activities of the **Grambling University Athletic Foundation (the Foundation)** for the year ended June 30, 1997, which had been audited by other independent auditors who expressed an unqualified opinion on those statements.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
TO THE FINANCIAL STATEMENTS OF AN OUTSIDE ORGANIZATION

(CONTINUED)

B. We also reviewed the independent auditors' report to the Board of Directors of the **Grambling University Athletic Foundation** regarding the system of internal control at **the Foundation**. That letter while not identifying any material weaknesses in internal control, recommended changes in procedures in the area of:

- Reconciling certain asset and liability accounts prior to the end of the year;
- Ensuring audited financial statements are prepared and issued within six months of year end; and
- Maintaining cash in one commercial bank account in excess of the federally insured limits.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the President, his designees and authorized representatives of the National Collegiate Athletic Association and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 30, 1998

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1997

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 16,811	\$ 174,929	\$191,740
Fundraisers:			
Concessions	5,636	-0-	5,636
Bayou Classic	17,959	-0-	17,959
Golf Classic	8,280	-0-	8,280
Interest	5,909	72	5,981
Miscellaneous	1,500	-0-	1,500
Gain on the sale of assets	775	-0-	775
Unrealized gains	6,355	-0-	6,355
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>132,845</u>	<u>(132,845)</u>	<u>-0-</u>
Total support and revenue	<u>196,070</u>	<u>42,156</u>	<u>238,226</u>
Expenses			
Program services	155,486	-0-	155,486
Supporting services:			
Management and general	11,978	-0-	11,978
Fund raising	<u>20,452</u>	<u>-0-</u>	<u>20,452</u>
Total supporting services	<u>32,430</u>	<u>-0-</u>	<u>32,430</u>
Total expenses	<u>187,916</u>	<u>-0-</u>	<u>187,916</u>
Excess (deficiency) of support and revenue over expenses	8,154	42,156	50,310
Other sources and uses			
Transfer to other entities	<u>(43,320)</u>	<u>-0-</u>	<u>(43,320)</u>
Support, revenue, and other sources over expenses and other uses	(35,166)	42,156	6,990
Net assets at beginning of year	<u>97,644</u>	<u>60,736</u>	<u>158,380</u>
Net assets at end of year	<u>\$ 62,478</u>	<u>\$102,892</u>	<u>\$165,370</u>

See the Agreed-Upon Procedures Report on Outside Organizations

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT**

EXIT CONFERENCE

An exit conference was held with representatives of the University. Those individuals participating were as follows:

GRAMBLING STATE UNIVERSITY

Mr. Melvin Davis	--	Vice-President of Finance
Mr. Albert Dennis	--	Assistant Athletic Director

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Edward Phillips, Jr.	--	Senior Manager
Mr. Sean Bruno	--	Senior Auditor

Bruno & Tervalon
**BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS**

December 30, 1998